



March 30, 2018

Ms. Donna Nickerson, Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building
Dover, Delaware 19904

Re: In The Matter Of The Petition Of Delaware Division Of The Public Advocate To Reduce The Rates Of Regulated Utilities As A Result Of The Tax Cuts And Jobs Act ("TCJA") of 2017's Reduction In Corporate Income Taxes And Other Tax Changes – Case No. 17-1240

Dear Ms. Nickerson:

Chesapeake Utilities ("Chesapeake" or "Company") respectfully submits this filing in compliance with Order Nos. 9166 and 9177 from the Delaware Public Service Commission ("Commission"). Attached are the Company's estimates of the impact of the TCJA, tariff sheets reflecting a reduction in its Delivery Service Rates to flow through the benefits of the corporate income tax decrease (35% to 21% rate) to its customers, and the Company's proposal to pass back the benefits of the reduction in Accumulated Deferred Income Tax ("ADIT") current balances that are not included in rates through the establishment of a Sustainable Growth Program ("SGP") incentive program. Chesapeake requests that the revised rates be approved to go into effect for meter readings on and after June 1, 2018.

The revised rates reflect the impact of the TCJA on Chesapeake's distribution revenues and rate design as authorized in Order No. 8982 from the Company's most recent base rate case No. 15-1734. As a result of the rate reduction, an average residential heating customer using 661 ccf annually will receive a rate decrease of approximately \$7 annually.

Attachment A reflects the estimated impact of the reduction in the corporate tax rate from 35% to 21% on the revenue requirement as approved in Case No. 15-1734. The total impact on the Company's revenue requirement from this item results in an annual rate reduction of approximately \$388K.

Attachment B shows the Company's proposed distribution rate schedules to reflect the annual rate reduction of \$388K. The revised volumetric rates allocate the rate reduction proportionally across Company's customer classes based on the revenue by class and normalized billing units as approved in Case No. 15-1734.



Donna Nickerson
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Attachment C contains the Company's estimated annual amortization impact of the change in the corporate tax rate on the Company's accumulated deferred income tax ("ADIT") current balances. Chesapeake is currently working with its outside tax consultants on a determination of the appropriate methodology, Average Rate Assumption Method ("ARAM") or Reverse South Georgia ("RSGM"), to apply to determine the amortization periods for the revised excess ADIT balances. Currently, Chesapeake estimates the annual amortization of its excess ADIT balances to be approximately \$516K based on RSGM. The Company notes, however, that this is not a finalized amount. The Company proposes to place its excess ADIT in a regulatory liability to be returned to its customer base through the establishment of the Sustainable Growth Program, as described further in Attachment C.

Attachment D contains clean and red-lined versions of the Company's tariff reflecting all proposed rate reductions.

As directed by the PSC's order, Chesapeake has established a regulatory liability reflecting the refund due to customers as a result of the impact of the rate reduction for the period of February 1, 2018 until the new rates are placed in effect. The Company will provide a refund to customers, based on actual usage, as a credit to their bill within 90 days of the new rate effective date. Should you have any questions, please contact me at 302-314-7005, or Brian Quinn, our attorney in this matter, at 410-244-7466.

Sincerely,

A handwritten signature in black ink that reads "Sheri Richard". The signature is written in a cursive, flowing style.

Sheri Richard
Vice President Rates & Regulatory Affairs

Chesapeake Utilities Corporation
Delaware Division
Revenue Requirement Calculation

Description	35% Pro Forma Test Period Case 15-1734 Settlement	Impact of TCJA on Settlement 15-1734	21% Pro Forma Period Period After TCJA Impact
Operating Revenues	\$50,957,773	(\$387,909)	\$50,569,864
Cost of Gas	\$25,498,477	\$0	\$25,498,477
Gross Margin	\$25,459,296	(\$387,909)	\$25,071,387
Operation & Maintenance Expenses :			
Operations & Maintenance	\$12,999,748	(\$1,051)	\$12,998,697
Depreciation	\$2,597,747	\$0	\$2,597,747
Amortization	\$0	\$0	\$0
Taxes Other Than Income	\$2,003,391	(\$1,164)	\$2,002,227
Interest on Customer Deposits	\$70,460	\$0	\$70,460
Total Expenses	\$17,671,346	(\$2,215)	\$17,669,131
Net Operating Income Before Tax	\$7,787,950	(\$385,694)	\$7,402,256
Income Taxes	\$2,563,622	(\$957,845)	\$1,605,777
Net Operating Income After Tax	\$5,224,328	\$572,151	\$5,796,479
AFUDC	\$0	\$0	\$0
Net Operating Income Before Other Interest	\$5,224,328	\$572,151	\$5,796,479
Less: Other Interest / Interest on LTD	\$1,505,549	\$164,884	\$1,670,433
NOI Applicable to Common Equity	\$3,718,779	\$407,267	\$4,126,046
Capital Structure:			
Long-term Debt	\$31,221,054	\$3,419,257	\$34,640,311
Common Equity	\$38,159,066	\$4,179,092	\$42,338,158
Total Capital	\$69,380,120	\$7,598,349	\$76,978,469
Overall Rate of Return	7.53%	0.00%	7.53%
Return on Equity	9.75%	0.00%	9.75%
Return Requirement	\$5,224,323	\$572,156	\$5,796,479
Return Deficiency	(\$5)	\$5	\$0
Revenue Conversion Factor	1.69474	(\$0)	1.39440

Case 17-1240 Summary of Proposed Rates

Residential Service 1		Residential Service 1 - Expansion		Residential Service 2		Residential Service 2 - Expansion	
Customer Charge	\$13.50	Customer Charge	\$16.50	Customer Charge	\$13.50	Customer Charge	\$31.75
First 20	\$0.611	First 20	\$0.611	First 20	\$0.611	First 20	\$0.611
Next 30	\$0.352	Next 30	\$0.352	Next 30	\$0.352	Next 30	\$0.352
Over 50	\$0.165	Over 50	\$0.165	Over 50	\$0.165	Over 50	\$0.165
General Service		General Service - Expansion		Medium Volume Service		Medium Volume Service - Expansion	
Customer Charge	\$34.00	Customer Charge	\$56.00	Customer Charge	\$80.00	Customer Charge	\$158.75
First 20	\$0.414	First 20	\$0.414	First 200	\$0.235	First 200	\$0.235
Next 30	\$0.245	Next 30	\$0.245	Over 200	\$0.123	Over 200	\$0.123
Over 50	\$0.107	Over 50	\$0.107				
Large Volume Service		High Load Factor Service		Gas Lighting Residential		Interruptible Service	
Customer Charge	\$175.00	Customer Charge	\$125.00	Customer Charge	\$12.90	Customer Charge	\$935.00
First 1000	\$0.327	All Consumption	\$0.086				
Over 1000	\$0.084						

Chesapeake Utilities

Delaware Division

Case 17-1240 Revenue Proof Based Of 15-1734 Settlement

Attachment B

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Customer Class	Case 17-1240 Proposed Revenues		
	Billing Units	Proposed Rates	Revenue
<u>Residential Service 1</u>			
Customer Charge	51,708	\$13.50	\$ 698,058
First 20	471,259	\$0.611	\$ 287,867
Next 30	192,281	\$0.352	\$ 67,653
Over 50	56,778	\$0.165	\$ 9,360
Volumetric Charge	720,317		\$ 364,880
Total RS1 Revenue			\$ 1,062,938
<u>Residential Service 1 - Expansion</u>			
Customer Charge	1,872	\$16.50	\$ 30,888
First 20	12,966	\$0.611	\$ 7,920
Next 30	3,759	\$0.352	\$ 1,323
Over 50	1,265	\$0.165	\$ 208
Volumetric Charge	17,990		\$ 9,452
Total RS1-E Revenue			\$ 40,340
<u>RS1 Revenue</u>			\$ 1,103,278
<u>Residential Service 2</u>			
Customer Charge	465,336	\$13.50	\$ 6,282,036
First 20	7,316,167	\$0.611	\$ 4,469,060
Next 30	6,746,864	\$0.352	\$ 2,373,865
Over 50	12,067,415	\$0.165	\$ 1,989,279
Volumetric Charge	26,130,446		\$ 8,832,204
Total RS2 Revenue			\$ 15,114,240
<u>Residential Service 2 - Expansion</u>			
Customer Charge	6,108	\$31.75	\$ 193,929
First 20	93,779	\$0.611	\$ 57,285
Next 30	83,785	\$0.352	\$ 29,480
Over 50	86,316	\$0.165	\$ 14,229
Volumetric Charge	263,880		\$ 100,993
Total RS2-E Revenue			\$ 294,922
<u>RS2 Revenue</u>			\$ 15,409,162

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General Service				
Customer Charge	33,859	\$34.00	\$	1,151,206
First 20	422,969	\$0.414	\$	174,969
Next 30	424,987	\$0.245	\$	103,981
Over 50	2,130,475	\$0.107	\$	227,256
Volumetric Charge	2,978,431		\$	506,206
Total GS Revenue			\$	1,657,412
General Service - Expansion				
Customer Charge	203	\$56.00	\$	11,368
First 20	1,982	\$0.414	\$	820
Next 30	4,111	\$0.245	\$	1,006
Over 50	4,897	\$0.107	\$	522
Volumetric Charge	10,991		\$	2,348
Total GS-E Revenue			\$	13,716
General Service - Negotiated				
Customer Charge	24	\$34.00	\$	816
First 20	332	\$0.525	\$	174
Next 30	461	\$0.525	\$	242
Over 50	6,630	\$0.525	\$	3,481
Volumetric Charge	7,423		\$	3,897
Total GS Negotiated Revenue			\$	4,713
GS Revenue				\$ 1,675,841
Medium Volume Service				
Customer Charge	5,799	\$80.00	\$	463,920
First 200	886,707	\$0.235	\$	208,177
Over 200	2,618,622	\$0.123	\$	321,502
Volumetric Charge	3,505,329		\$	529,679
Total MVS Revenue			\$	993,599
Medium Volume Service - Expansion				
Customer Charge	56	\$158.75	\$	8,890
First 200	2,110	\$0.235	\$	495
Over 200	12,066	\$0.123	\$	1,481
Volumetric Charge	14,176		\$	1,977
Total MVS Negotiated Revenue			\$	10,867
Medium Volume Service - Negotiated				
Customer Charge	24	\$80.00	\$	1,920
First 200	2,667	\$0.525	\$	1,400
Over 200	5,081	\$0.525	\$	2,668
Volumetric Charge	7,748		\$	4,068
Total MVS Negotiated Revenue			\$	5,988
Total MVS Revenue				\$ 1,010,454

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<u>Large Volume Service</u>				
Customer Charge	2,411	\$175.00	\$	421,925
First 1000	1,793,686	\$0.327	\$	585,782
Over 1000	11,377,181	\$0.084	\$	950,911
Volumetric Charge	13,170,867		\$	1,536,693
Total LVS Revenue				\$ 1,958,618
<u>Large Volume Service - Negotiated</u>				
Customer Charge	24	\$175.00	\$	4,200
First 1000	28,600	\$0.525	\$	15,015
Over 1000	-	\$0.525	\$	-
Volumetric Charge	28,600		\$	15,015
Total LVS Negotiated Revenue				\$ 19,215
<u>Total LVS Revenue</u>				\$ 1,977,833
<u>High Load Factor Service</u>				
Customer Charge	3,684	\$125.00	\$	460,500
All Consumption	27,734,542	\$0.086	\$	2,398,633
Volumetric Charge	27,734,542		\$	2,398,633
Total HLFS Revenue				\$ 2,859,133
<u>High Load Factor Service - Negotiated</u>				
Customer Charge	24	\$125.00	\$	3,000
All Consumption	161,254	\$0.525	\$	84,658
Volumetric Charge	161,254		\$	84,658
Customer Charge	12	\$125.00	\$	1,500
All Consumption	26,231	\$0.960	\$	25,182
Volumetric Charge	26,231		\$	25,182
Customer Charge	12	\$125.00	\$	1,500
All Consumption	15,000	\$0.295	\$	4,425
Volumetric Charge	15,000		\$	4,425
Customer Charge	12	\$125.00	\$	1,500
All Consumption	17,500	\$0.295	\$	5,163
Volumetric Charge	17,500		\$	5,163
Total HLFS Negotiated Revenue				\$ 126,928
<u>Total HLFS Negotiated Revenue</u>				\$ 2,986,061

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<u>Gas Lighting Residential</u>				
Customer Charge	60	\$12.90	\$	774
Total GLR Revenue			\$	774
<u>Interruptible Service</u>				
Customer Charge	12	\$935.00	\$	11,220
Consumed (July-Dec)	166,540	\$0.099	\$	16,487
Consumed (Jan-June)	108,630	\$0.099	\$	10,754
Volumetric Charge	275,170		\$	27,242
Customer Charge	12	\$935.00	\$	11,220
All Consumption	451,820	\$0.250	\$	112,955
Volumetric Charge	451,820		\$	112,955
Total IS Revenue			\$	162,637
Total Delivery Service Revenue				
			\$	24,326,039

Chesapeake Utilities
Delaware Division
Derivation of Rates - Apportionment
Case No. 17-1240 based off Settlement from Case No 15-1734

A		B	C	D	E
Class			Case No. 15-1734 Pro Forma Delivery Revenue	Case 15-1734 Settlement \$2.25M - Adjusted for TCJA Impact (\$388K)	Proposed Apportioned Revenue Case No. 17-1240
System Total			\$ 22,463,947	\$ 1,862,092	\$ 24,326,039
Residential Service -1&2	RS-1&2		15,242,114	1,270,326	\$ 16,512,440
General Service	GS		1,504,107	171,734	\$ 1,675,841
Medium Volume Service	MVS		892,756	117,697	\$ 1,010,453
Large Volume Service	LVS		1,849,952	127,883	\$ 1,977,834
High Load Factor Service	HLFS		2,811,675	174,385	\$ 2,986,060
Gas Lighting Residential	GLR		705	68	\$ 773
Interruptible Service	IS		162,637	-	162,637
				\$ 1,862,092	

		Settlement 15-1734 Increase Proportions	TCJA Impact	Case 17-1240 Decrease Proportions
Total		\$ 2,250,000	\$ (387,908.00)	\$ 1,862,092
RS-1 & RS-2		\$ 1,534,959	68.220%	\$ 1,270,326
GS		\$ 207,510	9.223%	\$ 171,734
MVS		\$ 142,215	6.321%	\$ 117,697
LVS		\$ 154,523	6.868%	\$ 127,883
HLFS		\$ 210,712	9.365%	\$ 174,385
GLR		\$ 82	0.004%	\$ 68
IS		0	0	

Chesapeake Utilities Sustainable Growth Program (SGP) Summary

Chesapeake Utilities (the “Company”) is proposing to initiate a pilot program to support natural gas growth to the underserved areas in Delaware, the “Sustainable Growth Program” (SGP). This Program will be established by utilizing the amortization of the changes to the Company’s Accumulated Deferred Income Tax (“ADIT”) balances and will be supplemented by the Sustainable Growth Rider (“SGR”) which will only be assessed to those customers utilizing funds from the program.

The Tax Reform Act of 2017 has presented Chesapeake Utilities with an opportunity to benefit not only its current customers, but also the underserved residents and businesses of Delaware. It has been documented that there are regions in Delaware that have little or no access to natural gas infrastructure and these potential customers have been requesting solutions from the Utilities, Regulators, and Legislators. The current regulatory structure limits or prohibits the installation of natural gas infrastructure to underserved areas if the projects are deemed uneconomic based on current funding.

Throughout the area there are businesses, residents and communities that do not have the ability to access clean, domestic, abundant natural gas. Underserved areas in the center of Milford and Georgetown are examples. In Milford alone there are sections where over 20% of the residents live below the poverty line. This is nearly 2 times the county average. They would benefit from fuel choices that offer lower prices, better access to support with their bills through Chesapeake’s non-profit SHARING program, and also receive the benefit of lowering their overall emission. It could also spark economic development, as it has in other rural areas of the Eastern Shore, like Warwick, Cecil County, Maryland.

The recent November 2017 Report of the NARUC Task Force on Natural Gas Access and Expansion stated

“...price data shows that natural gas retail prices are at historic lows for the business sector. Cheap natural gas for the business sector is important because, among other things, it can help attract manufacturing and other businesses and, hence, is one of the tools in the toolbox to promote economic development. At the same time, prices are low for residential customers as well, which provides an opportunity for residential customers to save on their energy costs and has sparked an interest in these customers in switching to natural gas.”

Also, in the recent independent study completed by Pace Global entitled “Feasibility of a Natural Gas Pipeline Extension” it references the many benefits natural gas will provide to the region and provides recommendations that include exploring funding sources from state, local and city/town programs (see Attachment – C, Pages 3-5).

We are proposing to establish a regulatory liability which will pass back the amortization of the excess ADIT balance, generated due to the changes in the TCJA, to customers by funding the uneconomic portion of expansion projects to underserved areas. Based on the Company’s current estimate, as shown in

Attachment C page 7 of 7, the expected annual amortization of the excess ADIT balance is approximately \$516K. This funding will provide benefits to existing and future customers by stimulating economic development, expanding natural gas service to those customers that would benefit from lower, regulated energy pricing, and would also reduce environmental emissions. If other alternative funds become available, they will also be used to fund the program.

Funds from the program would only be used to support the uneconomical portion of a proposed expansion project and the proposed projects must address the concerns of either supporting economic development and/or expanding service to the underserved residents of Delaware. As customers utilize this funding, a Sustainable Growth Rider will be established and charged to those new customers who benefitted from this program. Through this rider, customers who have benefited from the program will contribute back to the fund, providing additional funding to support the future expansion projects.

Section

H

H. Conclusions and Recommendations to Stakeholders

The bulk of future non-power demand growth in Kent and Sussex Counties is expected to be in the residential and commercial sectors. These sectors are served by Chesapeake Utilities, the local gas utility company and would come in the form of new customers from construction and new customers from fuel-switching (conversion). Chesapeake Utilities, in turn, would contract with Eastern Shore Natural Gas Pipeline for delivery of gas supplies to meet this demand growth. Any extension of ESNB pipeline would have to be supported by firm long term contracts with Chesapeake and/or a possible new natural gas-fired power generation customer (which would likely be directly served by the pipeline). Given the many considerations, there needs to be coordination between the planning of both pipeline systems in order to support a pipeline extension into the unserved and underserved areas of Kent and Sussex Counties.

Current ESNB transportation rates together with forecasted incremental RCI demand suggest that any pipeline extension, in the absence of a gas-fired power plant in Sussex County, is likely to develop incrementally over time. When we include the expected demand for firm transportation capacity from a 410 MW power plant and the resulting revenues, we find that financing a pipeline extension becomes much more feasible and with a more discrete rather than incremental timeline for the extension. However, our companion report shows that a new gas power generation facility is uneconomic.⁵⁹ To facilitate the pipeline extension, stakeholders will need to ensure that programs are in place to encourage RCI natural gas demand growth, will need to work with organizations that encourage economic development to support natural gas demand growth, and will likely need to cultivate a prospective customer in the form of gas-fired power plant developer, if the prospects for a gas-fired power plant become economically feasible in the future.

Summary of Benefits of a Pipeline Extension

Further extension of the ESNB pipeline network in tandem with an extension of the Chesapeake Gas Utility system would provide a number of benefits to the region, including economic, environmental and reliability benefits.

A. Economic Benefits

The major form of economic benefit stems from giving more customers access to low cost natural gas for home and water heating as an alternative to higher cost electricity and propane. The average household in Delaware using an electric heating system might expect to pay an average of \$1,450 per year over a 24 year period (in today's dollars using an NPV calculation). This compares to an annualized cost of \$972 per

⁵⁹ See "Delaware Natural Gas Combined Cycle Feasibility Study," Pace Global, December 2017.

year for an average household when residential gas prices are \$2.262 per therm (equivalent to \$4/MMBtu at Henry Hub) or an annualized cost of \$793 per year for an average household when residential gas prices are \$1.696 per therm (equivalent to \$3/MMBtu at Henry Hub) (all over a 24 year period). This represents an economic benefit of \$478 per year and \$656 per year, respectively, of using natural gas in residential heating over using an electric heating system. Similarly, the average household in Delaware using a propane heating system might expect to pay an average of \$1,546 per year over a 24 year period (in today's dollars using an NPV calculation). When compared to \$972 per year in the high gas price scenario or \$793 per year in the low gas price scenario, this represents an economic benefit of \$574 per year and \$753 per year, respectively, of using natural gas in residential heating over using a propane heating system. We also expect some marginal economic benefit to consumers from modest downward pressure on electricity prices (as consumers switch from electric to natural gas heating systems).

B. Environmental Benefits

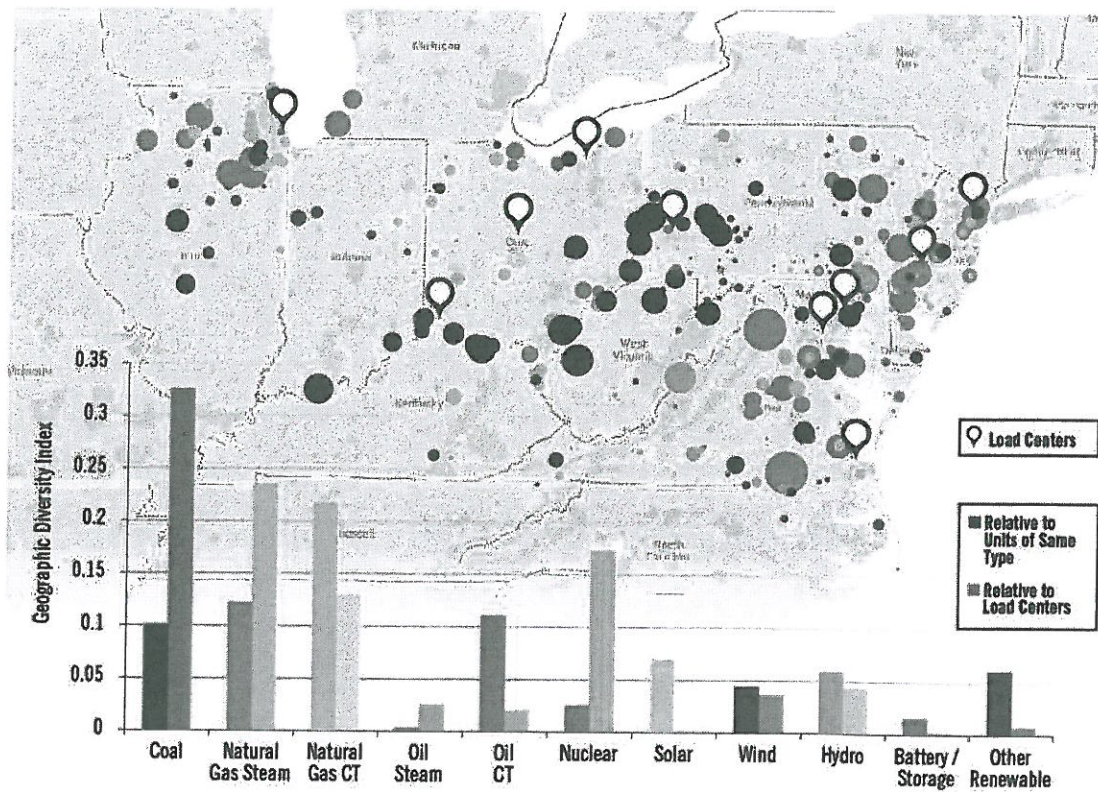
Natural gas is a cleaner burning fuel than coal for producing electricity, emitting roughly half the CO₂ emissions and less particulate matter. By switching to natural gas from electric heat, residential and commercial customers can realize significant environmental benefits. Take for example that in 2016 in the PJM Interconnection, 34% of electricity generated came from coal while 28% came from natural gas. By using natural gas directly for heating rather than using electricity, where a third of electricity comes from coal, consumers are heating their homes and businesses more efficiently, using less fuel, and reducing emissions. Many modern natural gas furnaces are 96% efficient, meaning that most of the energy is used for the purpose of heating the home, rather than wasted in transmission or inefficiency. Put another way, less fuel is used in a natural gas furnace than if natural gas were used to generate electricity to then power a residential heating system. Finally, because a significant amount of electricity in PJM is produced from coal, net emissions are reduced when natural gas furnaces replace electric heating system, the power for which was generated (up to a third) by coal.

C. Power System Reliability Benefits

Recent growth in the amount of natural gas-fired and renewable generation in the PJM Interconnection has raised concerns about fuel diversity. Considering the megawatts of coal-fired generation retirement, together with nuclear generation retirement, some stakeholders have questioned whether PJM is becoming too dependent on natural gas or renewable resources that operational reliability is adversely impacted. PJM recently analyzed this question and concluded that their regional transmission organization (RTO) was reliable.⁶⁰

The analysis found that as the potential future resource mix moves to less coal and nuclear generation, there is a decrease in generator reliability attributes of frequency response, reactive capability and fuel assurance, but an increase in flexibility and ramping attributes. The study demonstrated that there is a de facto performance based upper boundary to wind and solar capacity, above which operational reliability decreased significantly. But the study did not rule out a portfolio with "unprecedented" levels of wind and solar together with other assets that provide reliability. Importantly, portfolios of up to 86% natural gas-fired resources maintained operational reliability, but could be subject to gas pipeline reliability concerns.

⁶⁰ PJM's Evolving Resource Mix and System Reliability, March 30, 2017, PJM Interconnection.
<http://www.pjm.com/~media/library/reports-notice/special-reports/20170330-pjms-evolving-resource-mix-and-system-reliability.ashx>.

Exhibit 37: 2016 Geographic Diversity of Generation in the PJM Interconnection

Source: See Footnote 45

D. Pipeline System Reliability Benefits

A pipeline extension would require upgrades to the existing ESG system, potentially including incremental compression, looping, and other upgrades. While more detailed hydraulic analysis would be needed to confirm this premise, we can assume that the ESG system would gain in flexibility and resiliency by adding more facilities, thus increasing reliability.

Recommendations to Stakeholders

Given the benefits associated with the proposed pipeline extension, stakeholders should work together with ESG and Chesapeake Utilities to develop a coordinated plan to further expand the pipeline system into the unserved and underserved parts of the Counties. Incentive programs and rate schedules that help reduce the upfront costs of customer conversions will be of particular importance.

Additional steps that can be taken in furtherance of a pipeline extension:

- Study further cost-effective alternative pipeline routes. Proactively work with towns and communities in the identified, targeted towns and municipalities to identify load opportunities that can support the pipeline extension.
- Educate customers about the benefits and cost savings of converting to natural gas from alternative fuels.
- Explore funding sources that might be available to contribute to the pipeline infrastructure costs from state, local and city/town programs.

CHESAPEAKE UTILITIES CORPORATION
Delaware Division

Computation of Gross Excess Deferred Tax Liability Revenue Requirement

Chesapeake Utilities Excess ADIT - Revenue Requirement			
Excess Deferred Tax Liability - Protected	Deferred Tax Change (\$9,327,269)	Amortization Period 36.83	Amortization (\$253,267)
Excess Deferred Tax Liability - Unprotected Plant	(\$91,985)	36.83	(\$2,498)
Excess Deferred Tax Liability - Unprotected Non Plant	(\$582,598)	5	(\$116,520)
Excess Deferred Tax Liability - Total	(\$10,001,852)		(\$372,284)
		Gross Up Rate	1.38644
		Revenue Requirement	(\$516,149)

Attachment D

Tariff Sheets

RATE SCHEDULE "RS - 1"

RESIDENTIAL SERVICE - 1

AVAILABILITY

This Rate Schedule is available to any individually metered Customer using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with an annual consumption of two hundred forty (240) Ccf or less. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumption warrant such a change. A Customer on RS-1 Service will be moved to Rate Schedule with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$13.50 per month
First 20 Ccf	\$0.611 per Ccf
Next 30 Ccf	\$0.352 per Ccf
Over 50 Ccf	\$0.165 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "RS-1" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

MINIMUM BILL

The minimum monthly bill under this Rate Schedule is the Customer charge.

Issue Date:

Effective Date: June 1, 2018

Authorization:

RATE SCHEDULE "RS - 2"

RESIDENTIAL SERVICE – 2

AVAILABILITY

This Rate Schedule is available to any individually metered Customer using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with annual consumption of greater than two hundred forty (240) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumption warrant such a change. A Customer on RS-1 Service will be moved to this Rate Schedule with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. A Customer on this Rate Schedule will be moved to RS-1 Service with annual consumption less than two hundred sixteen (216) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$13.50 per month
First 20 Ccf	\$0.611 per Ccf
Next 30 Ccf	\$0.352 per Ccf
Over 50 Ccf	\$0.165 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "RS-2" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

MINIMUM BILL

The minimum monthly bill under this Rate Schedule is the Customer charge.

Issue Date:

Effective Date: June 1, 2018

Authorization:

RATE SCHEDULE "ERS-1"

EXPANSION AREA RESIDENTIAL SERVICE – 1

AVAILABILITY

This Rate Schedule is available to any individually metered Customer within the southeastern Sussex County, Delaware, expansion area using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with an annual consumption of two hundred forty (240) Ccf or less. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumption warrant such a change. A Customer on ERS-1 Service will be moved to Rate Schedule ERS-2 with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$16.50 per month
First 20 Ccf	\$0.611 per Ccf
Next 30 Ccf	\$0.352 per Ccf
Over 50 Ccf	\$0.165 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "ERS" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

Issue Date:

Effective Date: June 1, 2018

Authorization:

RATE SCHEDULE "ERS-2"

EXPANSION AREA RESIDENTIAL SERVICE – 2

AVAILABILITY

This Rate Schedule is available to any individually metered Customer within the southeastern Sussex County, Delaware, expansion area using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with annual consumption of greater than two hundred forty (240) Ccf. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumptions warrant such a change. A Customer on ERS-1 Service will be moved to this Rate Schedule with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. A Customer on this Rate Schedule will be moved to ERS-1 Service with annual consumption less than two hundred sixteen (216) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$31.75 per month
First 20 Ccf	\$0.611 per Ccf
Next 30 Ccf	\$0.352 per Ccf
Over 50 Ccf	\$0.165 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "ERS" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

Issue Date:

Effective Date: June 1, 2018

Authorization:

**RATE SCHEDULE "GS"
GENERAL SERVICE**

AVAILABILITY

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption of less than four thousand (4,000) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on General Service will be moved to Rate Schedule MVS with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$34.00 per month
First 20 Ccf	\$0.414 per Ccf
Next 30 Ccf	\$0.245 per Ccf
Over 50 Ccf	\$0.107 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "GS" provided on Sheet No. 42.

TRANSPORTATION AND BALANCING RIDER

Transportation service is available to commercial and industrial Customers on this Rate Schedule who meet the eligibility requirements set forth in the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the Customer is subject to the following Firm Balancing Service Rate applied to all gas consumption.

Firm Balancing Service Rate:	\$0.076 per Ccf of gas consumed
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Issue Date:

Effective Date: June 1, 2018

Authorization:

RATE SCHEDULE "EGS"

EXPANSION AREA GENERAL SERVICE

AVAILABILITY

This Rate Schedule is available to any Customer within the southeastern Sussex County, Delaware, expansion area using gas for commercial and/or industrial purposes with an annual consumption of less than four thousand (4,000) Ccf. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption warrant such a change. A Customer on Rate Schedule EGS will be moved to Rate Schedule EMVS with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$56.00 per month
First 20 Ccf	\$0.414 per Ccf
Next 30 Ccf	\$0.245 per Ccf
Over 50 Ccf	\$0.107 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "EGS" provided on Sheet No. 42.

Issue Date:

Effective Date: June 1, 2018

Authorization:

**RATE SCHEDULE "MVS"
MEDIUM VOLUME SERVICE**

AVAILABILITY

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than four thousand (4,000) Ccf and less than fifteen thousand (15,000) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on General Service will be moved to this Rate Schedule with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf. A Customer on this Rate Schedule will be moved to General Service with annual consumption less than three thousand six hundred (3,600) Ccf. The annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$80.00 per month
First 200 Ccf	\$0.235 per Ccf
Over 200 Ccf	\$0.123 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "MVS" provided on Sheet No. 42.

TRANSPORTATION AND BALANCING RIDER

Transportation service is available to commercial and industrial Customers on this Rate who meet the eligibility requirements set forth in the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the customer is subject to the following Firm Balancing Service Rate applied to all gas consumption

Firm Balancing Service Rate:	\$0.100 per Ccf of gas consumed
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Issue Date:

Effective Date: June 1, 2018

Authorization:

RATE SCHEDULE "EMVS"

EXPANSION AREA MEDIUM VOLUME SERVICE

AVAILABILITY

This Rate Schedule is available to any Customer within the southeastern Sussex County, Delaware, expansion area using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than four thousand (4,000) Ccf and less than fifteen thousand (15,000) Ccf. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on Rate Schedule EGS will be moved to this Rate Schedule with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf. A Customer on this Rate Schedule will be moved to Rate Schedule EGS with annual consumption less than three thousand six hundred (3,600) Ccf. The annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$158.75 per month
First 200 Ccf	\$0.235 per Ccf
Over 200 Ccf	\$0.123 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "EMVS" provided on Sheet No. 42.

Issue Date:

Effective Date: June 1, 2018

Authorization:

RATE SCHEDULE "LVS"

LARGE VOLUME SERVICE

AVAILABILITY

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than fifteen thousand (15,000) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on Medium Volume Service will be moved to this Rate Schedule with annual consumption equal to or greater than sixteen thousand five hundred (16,500) Ccf. A Customer on this Rate Schedule will be moved to Medium Volume Service with annual consumption less than thirteen thousand five hundred (13,500) Ccf. The annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer charge:	\$175.00 per month
First 1000 Ccf	\$0.327 per Ccf
Over 1000 Ccf	\$0.084 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "LVS" provided on Sheet No. 42.

Issue Date:

Effective Date: June 1, 2018

Authorization:

**RATE SCHEDULE "HLFS"
HIGH LOAD FACTOR SERVICE**

AVAILABILITY

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes that would otherwise qualify for Medium Volume Service or Large Volume Service and with winter months' consumption, defined as the months of January through March, being less than thirty-five percent (35%) of their annual consumption. In addition, the Customer must use natural gas in at least eleven (11) of the twelve (12) months under review and usage must be fairly evenly distributed throughout the review period. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption or winter months consumption warrant such a change. A Customer will remain on this Rate Schedule as long as winter months' consumption is less than thirty-seven percent (37%) of their annual consumption and the Customer qualifies for Medium Volume Service or Large Volume Service. The annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption or winter months' consumption other than after the annual review.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$125.00 per month
All gas consumed	\$0.086 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "HLFS" provided on Sheet No. 42.

RATE SCHEDULE "GLR"

GAS LIGHTING SERVICE

AVAILABILITY

This Rate Schedule is available for unmetered residential outdoor gas lights as herein specified where the Company's existing distribution mains and services are suitable to supply such service.

DELIVERY SERVICE RATE

The following rate for delivering gas to the Customer's location applies to all Customers served under this Rate Schedule.

Each 2 cu. ft./hr. or less \$12.90 per month.

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "GLR" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) The Customer shall install and own the lighting devices.
- (3) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

Issue Date:

Effective Date: June 1, 2018

Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734

RATE SCHEDULE "GLO"

GAS LIGHTING SERVICE

AVAILABILITY

This Rate Schedule is available for unmetered outdoor gas lights for other than residential use as herein specified where the Company's existing distribution mains and services are suitable to supply such service.

DELIVERY SERVICE RATE

The following rate for delivering gas to the Customer's location applies to all Customers served under this Rate Schedule.

Each 2 cu. ft./hr. or less \$12.90 per month.

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "GLO" provided on Sheet No. 42.

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) The Customer shall install and own the lighting devices.
- (3) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

Issue Date:

Effective Date: June 1, 2018

Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734

RATE SCHEDULE "RS - 1"

RESIDENTIAL SERVICE - 1

AVAILABILITY

This Rate Schedule is available to any individually metered Customer using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with an annual consumption of two hundred forty (240) Ccf or less. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumption warrant such a change. A Customer on RS-1 Service will be moved to Rate Schedule with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$13.50 per month
First 20 Ccf	\$0. 627 <u>611</u> per Ccf
Next 30 Ccf	\$0. 300 <u>352</u> per Ccf
Over 50 Ccf	\$0. 490 <u>165</u> per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "RS-1" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

MINIMUM BILL

The minimum monthly bill under this Rate Schedule is the Customer charge.

Issue Date:

Effective Date: ~~May~~-June 1, 2018

Authorization:

RATE SCHEDULE "RS - 2"

RESIDENTIAL SERVICE – 2

AVAILABILITY

This Rate Schedule is available to any individually metered Customer using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with annual consumption of greater than two hundred forty (240) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumption warrant such a change. A Customer on RS-1 Service will be moved to this Rate Schedule with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. A Customer on this Rate Schedule will be moved to RS-1 Service with annual consumption less than two hundred sixteen (216) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$13.50 per month
First 20 Ccf	\$0. 62 <u>16</u> 11 per Ccf
Next 30 Ccf	\$0. 36 <u>23</u> 52 per Ccf
Over 50 Ccf	\$0. 47 <u>51</u> 65 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "RS-2" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

MINIMUM BILL

The minimum monthly bill under this Rate Schedule is the Customer charge.

Issue Date:

Effective Date: ~~May~~ June 1, 2018

Authorization:

RATE SCHEDULE "ERS-1"

EXPANSION AREA RESIDENTIAL SERVICE – 1

AVAILABILITY

This Rate Schedule is available to any individually metered Customer within the southeastern Sussex County, Delaware, expansion area using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with an annual consumption of two hundred forty (240) Ccf or less. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumption warrant such a change. A Customer on ERS-1 Service will be moved to Rate Schedule ERS-2 with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$16.50 per month
First 20 Ccf	\$0. 627 <u>611</u> per Ccf
Next 30 Ccf	\$0. 300 <u>352</u> per Ccf
Over 50 Ccf	\$0. 490 <u>165</u> per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "ERS" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

Issue Date:

Effective Date: ~~May~~June 1, 2018

Authorization:

RATE SCHEDULE "ERS-2"

EXPANSION AREA RESIDENTIAL SERVICE – 2

AVAILABILITY

This Rate Schedule is available to any individually metered Customer within the southeastern Sussex County, Delaware, expansion area using gas in a residential dwelling or unit for space heating, cooking, water heating, or other domestic purpose with annual consumption of greater than two hundred forty (240) Ccf. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm residential Rate Schedule should their annual consumptions warrant such a change. A Customer on ERS-1 Service will be moved to this Rate Schedule with annual consumption equal to or greater than two hundred sixty-four (264) Ccf. A Customer on this Rate Schedule will be moved to ERS-1 Service with annual consumption less than two hundred sixteen (216) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$31.75 per month
First 20 Ccf	\$0. 62 <u>16</u> 11 per Ccf
Next 30 Ccf	\$0. 36 <u>23</u> 52 per Ccf
Over 50 Ccf	\$0. 47 <u>51</u> 65 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "ERS" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

Issue Date:

Effective Date: ~~May~~June 1, 2018

Authorization:

**RATE SCHEDULE "GS"
GENERAL SERVICE**

AVAILABILITY

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption of less than four thousand (4,000) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on General Service will be moved to Rate Schedule MVS with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$34.00 per month
First 20 Ccf	\$0. 426 <u>414</u> per Ccf
Next 30 Ccf	\$0. 257 <u>245</u> per Ccf
Over 50 Ccf	\$0. 119 <u>107</u> per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "GS" provided on Sheet No. 42.

TRANSPORTATION AND BALANCING RIDER

Transportation service is available to commercial and industrial Customers on this Rate Schedule who meet the eligibility requirements set forth in the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the Customer is subject to the following Firm Balancing Service Rate applied to all gas consumption.

Firm Balancing Service Rate: \$0.076 per Ccf of gas consumed

Issue Date:

Effective Date: ~~May~~ June 1, 2018

Authorization:

RATE SCHEDULE "EGS"

EXPANSION AREA GENERAL SERVICE

AVAILABILITY

This Rate Schedule is available to any Customer within the southeastern Sussex County, Delaware, expansion area using gas for commercial and/or industrial purposes with an annual consumption of less than four thousand (4,000) Ccf. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption warrant such a change. A Customer on Rate Schedule EGS will be moved to Rate Schedule EMVS with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf. This annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$56.00 per month
First 20 Ccf	\$0. 426 <u>414</u> per Ccf
Next 30 Ccf	\$0. 257 <u>245</u> per Ccf
Over 50 Ccf	\$0. 119 <u>107</u> per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "EGS" provided on Sheet No. 42.

Issue Date:

Effective Date: ~~May~~June 1, 2018

Authorization:

**RATE SCHEDULE "MVS"
MEDIUM VOLUME SERVICE**

AVAILABILITY

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than four thousand (4,000) Ccf and less than fifteen thousand (15,000) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on General Service will be moved to this Rate Schedule with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf. A Customer on this Rate Schedule will be moved to General Service with annual consumption less than three thousand six hundred (3,600) Ccf. The annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$80.00 per month
First 200 Ccf	\$0. 242 <u>235</u> per Ccf
Over 200 Ccf	\$0. 130 <u>123</u> per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "MVS" provided on Sheet No. 42.

TRANSPORTATION AND BALANCING RIDER

Transportation service is available to commercial and industrial Customers on this Rate who meet the eligibility requirements set forth in the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the customer is subject to the following Firm Balancing Service Rate applied to all gas consumption

Firm Balancing Service Rate: \$0.100 per Ccf of gas consumed

Issue Date:

Effective Date: ~~May~~ June 1, 2018

Authorization:

RATE SCHEDULE "EMVS"

EXPANSION AREA MEDIUM VOLUME SERVICE

AVAILABILITY

This Rate Schedule is available to any Customer within the southeastern Sussex County, Delaware, expansion area using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than four thousand (4,000) Ccf and less than fifteen thousand (15,000) Ccf. The southeastern Sussex County, Delaware, expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware, that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on Rate Schedule EGS will be moved to this Rate Schedule with annual consumption equal to or greater than four thousand four hundred (4,400) Ccf. A Customer on this Rate Schedule will be moved to Rate Schedule EGS with annual consumption less than three thousand six hundred (3,600) Ccf. The annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$158.75 per month
First 200 Ccf	\$0. 242 <u>235</u> per Ccf
Over 200 Ccf	\$0. 130 <u>123</u> per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "EMVS" provided on Sheet No. 42.

Issue Date:

Effective Date: ~~May~~June 1, 2018

Authorization:

RATE SCHEDULE "LVS"

LARGE VOLUME SERVICE

AVAILABILITY

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than fifteen thousand (15,000) Ccf. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption warrant such a change. A Customer on Medium Volume Service will be moved to this Rate Schedule with annual consumption equal to or greater than sixteen thousand five hundred (16,500) Ccf. A Customer on this Rate Schedule will be moved to Medium Volume Service with annual consumption less than thirteen thousand five hundred (13,500) Ccf. The annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer charge:	\$175.00 per month
First 1000 Ccf	\$0. 329 <u>327</u> per Ccf
Over 1000 Ccf	\$0. 086 <u>084</u> per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "LVS" provided on Sheet No. 42.

Issue Date:

Effective Date: ~~May~~ June 1, 2018

Authorization:

**RATE SCHEDULE "HLFS"
HIGH LOAD FACTOR SERVICE**

AVAILABILITY

This Rate Schedule is available to any Customer using gas for commercial and/or industrial purposes that would otherwise qualify for Medium Volume Service or Large Volume Service and with winter months' consumption, defined as the months of January through March, being less than thirty-five percent (35%) of their annual consumption. In addition, the Customer must use natural gas in at least eleven (11) of the twelve (12) months under review and usage must be fairly evenly distributed throughout the review period. The Company will annually review those Customers receiving service under this Rate Schedule in order to determine the appropriate firm commercial and/or industrial Rate Schedule should their annual consumption or winter months consumption warrant such a change. A Customer will remain on this Rate Schedule as long as winter months' consumption is less than thirty-seven percent (37%) of their annual consumption and the Customer qualifies for Medium Volume Service or Large Volume Service. The annual review process will be based on the twelve (12) months ended May. Customers will not be shifted between Rate Schedules due to changes in annual consumption or winter months' consumption other than after the annual review.

DELIVERY SERVICE RATES

The following rates for delivering gas to the Customer's location apply to all Customers served under this Rate Schedule.

Customer Charge:	\$125.00 per month
All gas consumed	\$0. 0880 <u>86</u> per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "HLFS" provided on Sheet No. 42.

Issue Date:

Effective Date: ~~May~~June 1, 2018

Authorization:

RATE SCHEDULE "GLO"

GAS LIGHTING SERVICE

AVAILABILITY

This Rate Schedule is available for unmetered outdoor gas lights for other than residential use as herein specified where the Company's existing distribution mains and services are suitable to supply such service.

DELIVERY SERVICE RATE

The following rate for delivering gas to the Customer's location applies to all Customers served under this Rate Schedule.

Each 2 cu. ft./hr. or less \$~~1312.44~~90 per
month.

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "GLO" provided on Sheet No. 42.

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Customer is exempt from such tax.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) The Customer shall install and own the lighting devices.
- (3) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

Issue Date: ~~December 20, 2016~~

Effective Date: ~~January 1, 2017~~June 1, 2018

Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734

RATE SCHEDULE "GLR"

GAS LIGHTING SERVICE

AVAILABILITY

This Rate Schedule is available for unmetered residential outdoor gas lights as herein specified where the Company's existing distribution mains and services are suitable to supply such service.

DELIVERY SERVICE RATE

The following rate for delivering gas to the Customer's location applies to all Customers served under this Rate Schedule.

Each 2 cu. ft./hr. or less \$~~1312.11~~90 per
month.

GAS SALES SERVICE

In addition to the above Delivery Service rates, Customers served under this Rate Schedule are subject to the gas cost rate applicable to Rate Schedule "GLR" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within twenty (20) days of their date.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this Rate Schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) The Customer shall install and own the lighting devices.
- (3) In addition to the above Delivery Service rates, Customers served under this Rate Schedule may be subject to one (1) or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

Issue Date: **December 20, 2016**

Effective Date: **January ~~June~~ 1, 20172018**

Authorization: Order No. 8982 dated December 20, 2016 in Docket No. 15-1734